

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF HENDERSON-UNION RURAL)
ELECTRIC COOPERATIVE CORPORATION)
THAT ON MAY 1, 1984, OR AT SUCH)
TIME AS BIG RIVERS ELECTRIC COR-)
PORATION'S RATE INCREASE BECOMES)
EFFECTIVE IT WILL ADJUST AND IN-) CASE NO. 9007
CREASE ITS RATES TO FLOW THROUGH)
THE INCREASED WHOLESALE CHARGES)
OF BIG RIVERS ELECTRIC CORPORA-)
TION SOUGHT IN PUBLIC SERVICE)
COMMISSION CASE NO. 9006)

O R D E R

After a review of the application of Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") to flow through the proposed increase in wholesale rates by Big Rivers Electric Corporation ("Big Rivers"), it has been determined that there may be a potential for absorption of a portion of the increase in power costs.

Commission files and financial data contained in the test-year financial exhibits reflect that the Times Interest Earned Ratio ("TIER") allowed in the Commission's Order in Case No. 8397, dated June 15, 1982, was 2.25X while the TIER earned in 1983, exclusive of the \$160,521 extraordinary item and generation and transmission capital credits, was 2.44X. The rate of return allowed was 8.95 percent while the 1983 actual rate of return was

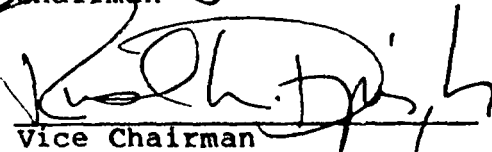
9.43 percent. The allowed net income was \$1,049,396 while 1983 actual net income, without the extraordinary item and generation and transmission capital credits, was \$1,256,932.

IT IS THEREFORE ORDERED that Henderson-Union shall provide by May 21, 1984, any evidence (including pro forma adjustments and company testimony) it deems appropriate as to why it should not be required to absorb a portion of the increase in wholesale rates of Big Rivers.

Done at Frankfort, Kentucky, this 8th day of May, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary